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GSU Economic Forecasting Project Newsletter

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MONTHLY PROJECTIONS
FOR JULY

CONSUMER ACTIVITY IMPROVED IN JUNE AND EARLY JULY

According to preliminary information contained in the personal income report for June, personal outlays grew by 1% in the month. As commodity prices almost certainly grew by less than 0.7%, this constitutes the first significant increase in real consumer activity since the beginning of the year. While the improvement in retail activity was widespread, much of the gain in nonauto durables probably reflects the reappearance of inflation in jewelry related materials. However, auto sales and purchases of nondurable goods apparently rose after adjustment for inflation. Sales figures during the first ten days of July indicate that further improvement is developing in auto purchases.

Some economists are hailing these changes as the end of the consumer correction. However, such an assessment appears to be premature. First, much of the improvement in auto sales appears to be caused by incentive programs. When these incentives end, some backsliding in auto sales probably will develop. Second, the dismantling of credit restraints, which began on May 22 and will end in the month of July, probably restored some credit purchases. This is a one time upward movement in consumer sales. Third, substantial increases in social security disbursements during July may have been partially anticipated in June. While this fiscal stimulus undoubtedly will strengthen consumer activity , it, too, is a nonrecurring stimulus. Finally, at $78 billion, the June personal savings level remains below the accumulation of pension and insurance reserves. It is unlikely that the consumer correction will end before discretionary savings are positive(a rate above 5%). Therefore, further weakenss in consumer activity is anticipated late in the summer and during the early fall.

It is clear, however, that production of domestic automobiles probably has made a gradual upswing from its 5.5 million production level during May. Also, housing starts undoubtedly have turned from their low point of 913,000 during May. Thus, the two industries accounting for much of the early weakness in this recession are beginning to recover.

Changes in GNP

	% Change 1980-1	% Change 1980-2	% Change 1980-3	% Change 1980-4	% Change 1981-1	% Change 1981-2
Real Output	+1.2	-9.1	-4.4	-0.4	+1.2	+3.5
Price Deflator	9.5	10.4	8.9	10.1	9.4	8.8
Nominal GNP	10.7	0.1	4.2	9.7	10.6	12.7

Monthly Highlights
June 1980

Construction expenditures, +1.2%; manufacturer's inventory,+0.2%; durable goods orders,+3.9%; orders for nondefense capital goods,+8.1%; business inventories, +0.8%; merchandise trade balance, -$2.54 billion; leading indicators,+1.1%.

Monthly Highlights
July 1980

Payroll employment, -262,000; hours worked, -0.5%; unemployment rate, 7.9%; personal income, +1.2%; personal outlays, +0.8%; auto sales, 8.5 million; retail sales, +1.1%; industrial productions, -0.6%; housing starts, +1.0%; housing permits, -4.9%; construction expenditures, +3.9%; orders for durable goods, +2.7%; order for nondefense capital goods, -2.1%; business inventories, +0.1%; CPI, +0.5%; PPI, +0.9%; agricultural prices, +3.0%, merchandise trade balances, -$2.74 billion, leading indicators, +0.6%; M1-B, +9.3%; M2, +13.2%.

COMMENTARY

Employment

Payroll employment showed its largest monthly decline of this downturn in June, falling 514,000. Declines in goods producing activity were comparable to previous months, but declines occurred in service oriented activity as well. Federal payrolls remain almost 200,000 above pre-census levels and almost certainly will be reduced in subsequent months. Estimates of household employment declined by 450,000. As expected, a significant portion of the decline was recorded in the teenage population, where an early reference week clearly distorted the indicators. This also explains the decline in the unemployment rate. According to the preliminary June report, the index of hours worked during the second quarter declined by 9.7%. The preliminary GNP estimates for the second quarter reveal a 9.1% decline for the entire economy. Thus, very little loss in productivity occurred despite the dramatic drop in economic activity.

Aside from the unemployment rate, the employment situation for June was not good. Not only were job losses the largest for any single month since this recession began, but the hourly earnings index continued to accelerate.

Currently, the index stands 9.4% above previous year levels. Thus, unit labor costs may be rising above anticipations even as productivity appears to be performing slightly more favorably than had been expected during the down phase of this business cycle. Finally, the continuous decline in the workweek as well as in overall payrolls strongly suggests that further reductions in payroll employment will occur in July.

Personal Income and Outlays

Wage and salary income and overall personal income were revised upward slightly for April and May. The personal savings rate approached 5% in May before retreating to a 4.4% rate in June. As explained above, this appears to be an interim pause in the consumer movement toward improving financial liquidity. Further modest gains in personal savings are anticipated late in the summer and in the early fall.

Retail Sales

Retail sales were revised upward in May and showed a healthy 1.5% gain in June. Most of the adjustment occurred in auto sales. Indeed, dollar values of sales in May seem to be unrelated to announced unit sales during that month. Possibly, some downward adjustment may be forthcoming in auto sales receipts when more reliable data is available. Increases in nonauto durables appear to reflect a re-acceleration of prices for precious metals rather than any substantial change in the downtrend for household appliances. The social security disbursements in July almost certainly should encourage further improvement in nondurable goods sales. In addition, jewelry inflation should cause another significant increase in the value of nonauto durables. Finally, initial sales figures show that incentive programs are beginning to encourage sales of automobiles. We continue to anticipate good fleet acceptance of the new models in October and November. Our projections show further weakness in auto sales in 1981. However, savings rates may be sufficiently high at that time to suggest that some further improvement in auto activity beyond those incorporated in the projections are possible early in the year, especially if a significant personal income tax cut is enacted.

Construction

The 30% increase in housing starts and 28% increase in housing permits was surprisingly strong for the month of June. Indeed, a larger proportion of the adjustment was contained in multi-family units then had been anticipated. Some of these projects probably reflect previously issued permits that were delayed. As a result, some pause in the upward movement of multi-family housing starts probably should be anticipated in the months ahead. In addition, the unusually hot weather probably is impacting construction activity in the important Texas market. Nevertheless, recovery has begun in housing activity. Morever, strong increases in housing sales in May suggest that further modest increases in single family starts can be expected for the remainder of this year.

Our method of allocating construction expenditures shows a very abrupt increase in the value of residential construction. Quarterly data do not confirm that expenditures should respond as rapidly as the monthly format suggests. Therefore, the value of construction expenditures may not begin to increase until later in the third quarter.

Public construction probably will remain depressed, as highway activity is the primary cause of the continuing weakness. This reduced highway activity reflects both the ending of interstate activity in many states and the depletion of highway trust funds in certain states. According to the F.W. Dodge reports, nonresidential construction may grow even more slowly than anticipated in our monthly projections. Certainly, there has been little growth in this category since the first of this year. Also, the index of hours worked in construction shows a larger decline in June than in May. Thus, the estimated improvement after adjustment for inflation probably is not appropriate. If the data suggest that our techniques are overestimating near-term construction activity adjustments will be made and reported in subsequent Projections.

Business Activity

The surprising decline in business inventories in May, even as retail sales were declining cannot be fully explained. Indeed, our techniques for estimating changes in GNP would suggest that economic weakness in May greatly exceeded economic weakness in April despite more rapid reductions in hours worked in the earlier month. Thus, some errors in estimating business inventories by the Department of Commerce may be developing at the present time. The other noteworthy development in business activity is the dramatic decline in orders for durable goods. Of course, auto shipments account for some of this weakness. As a result, durable goods orders should increase in June and July, when auto shipments begin to rise. However, a decline in orders for materials has been unusually vigorous. Some rebound in nondefense capital goods orders is anticipated in June, as the dramatic dropoff in May was largely the result of reduced aircraft orders. However, the capital goods industry appears to have joined other industries in recession. Moreover, it is expected to remain weak for the remainder of this year. Indeed, this weakness in orders and shipments of durable goods belies anticipations by some that a rapid recovery soon will commence.

Prices

The heat wave and drought has led to a significant increase in estimates of agricultural prices during the next few months. In July, for example, agricultural prices now appear to be rising by 3%. Fortunately, sufficient weakness is developing in the energy components to prevent this dramatic increase in food costs from sharply altering the anticipated pattern for finished goods prices or for the consumer price index. Indeed, the July consumer price index may show a very favorable 0.5%-0.6% rate of change even as the producers' price index probably will move into double digit ranges. It is noteworthy, however, that current anticipations of inflationary pressures remain slightly below the inflation forecast that was contained in the May outlook.

According to our estimates, nearly all the economic weakness that will be recorded during this recession already has occurred. By June, estimated real GNP already had fallen 3.5% from the January peak. However, a secondary adjustment in consumer activity and reduced government support for economic activity is expected to cause a prolonged development of a bottom. Our estimates suggest that the trough will be established sometime between November and January. A reasonably brisk, but not overly exciting, recovery then should develop.

Financial Markets

Both short-term and long-term interest rates moved upward late in June and early in July. While not unexpected, the upward movement of interest rates was slightly earlier than the summer bounce we anticipated. The reason for this early rebound is not totally obvious. First, monetary policy moved decidely easier following two months of extremely restrictive activity. In June, M1-B grew at a 16% annual rate while M2 increased at an 18.8% annual rate. Even the monetary base grew 10.3%. Moreover, rapid increases in the monetary base early in July suggest that rapid gains should continue in the monetary aggregates during the summer. Rising interest rates and rising growth rates in the monetary aggregates normally would suggest a substantial increase in economic activity. While retail sales definitely improved in June, most monthly indicators suggest no substantial improvement developed in economic activity. Thus, the rapid apparent deterioration in the velocity of money during June must remain a mystery at this time. In August, however, economic activity should be sufficiently brisk and the inflationary outlook should be sufficiently discouraging to cause further upward movement in interest rates. A substantial rise is not expected, but 90 day CDs could approach 10% for a brief period of time. Renewed gains in bond prices are expected during the fall, but single digit rates for triple A bonds no longer appear to be likely.

Stock Market

According to one theory of the stock market that we use extensively, if a strong technical barrier is breached then the fundamentals must justify that move. We had thought that the sharp decline in economic activity would erode earnings so appreciably that fundamentals would not be sufficient to justify a significant increase in equity prices. It now appears, however, that productivity did not decline in the second quarter. Thus, operating profits appear to have fallen less sharply than economic activity. Our estimates of corporate earnings, therefore, are too low. Given the dramatic decrease in interest rates and improvement in the quality of earnings, this upward adjustment in the estimate of earnings leads to an upward adjustment in the estimated value of stock prices. When this factor is added to the anticipation that bonds have become significantly more risky investment instruments relative to stocks, it now appears that little correction from the rapid upward movement of equity values should be anticipated. A correction in stock prices may develop in the fall, but this adjustment probably will come from price levels that are higher than currently exist in the market place. Indeed, 1,000 may prove to be the next formidable resistance point.

EMPLOYMENT

	Payroll Employment		Index of Hours Worked		Household Employment		Unemployment Rate		Hourly Earnings Index	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	90845	91186	126.8	126.9	97953	97953	6.0	6.0	242.6	242.5
March	90799	91144	126.1	126.0	97656	97656	6.2	6.2	245.1	245.3
April	90320	90951	124.5	124.8	97154	97154	7.0	7.0	245.6	246.2
May	90047	90602	124.4	123.4	96893	96988	7.5	7.8	247.8	248.2
June	89774	90088	124.3	122.2	96632	96537	7.5	7.7	249.8	250.7
July	89808	89826	124.2	121.6	96743	96518	7.6	7.9	251.1	252.4
August	89830	89753	124.1	121.2	96854	96465	7.7	8.1	252.4	254.0
September	89840	89725	124.1	121.1	96925	96543	7.8	8.3	254.1	255.9
October	89855	89730	124.1	121.2	96983	96472	7.9	8.5	255.8	258.0
November	89866	89782	124.1	121.3	97018	96539	8.1	8.6	257.2	259.9
December	89935	89816	124.3	121.3	97121	96562	8.3	8.8	258.9	261.6
January	90009	89911	124.4	121.6	97234	96671	8.3	8.9	260.5	263.0
February	90103	90112	124.6	122.1	97332	96914	8.3	8.8	262.4	264.9
March	90196	90105	124.8	122.2	97425	96992	8.2	8.9	263.9	267.0
April	90285	90219	125.0	122.4	97553	97012	8.3	9.1	265.5	268.8
May	90381	90318	125.2	122.9	97682	97163	8.3	9.1	267.1	270.6

PERSONAL INCOME

	Personal Income		Wage & Salary		Personal Savings		Disposable Income		Personal Outlays	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	2.054	2.056	1.301	1.304	58.0	66.7	1.735	1.736	1.677	1.669
March	2.069	2.070	1.310	1.314	59.8	67.3	1.747	1.748	1.687	1.681
April	2.067	2.072	1.303	1.309	62.4	81.4	1.746	1.750	1.683	1.668
May	2.075	2.078	1.307	1.309	58.6	89.0	1.750	1.753	1.692	1.664
June	2.082	2.086	1.312	1.310	53.8	78.1	1.754	1.759	1.701	1.681
July	2.115	2.110	1.320	1.312	77.1	87.3	1.788	1.782	1.711	1.695
August	2.133	2.122	1.327	1.315	78.7	89.2	1.789	1.792	1.719	1.703
September	2.150	2.137	1.335	1.323	80.3	94.2	1.807	1.803	1.727	1.709
October	2.169	2.157	1.350	1.337	80.6	94.0	1.822	1.820	1.742	1.726
November	2.185	2.175	1.358	1.347	79.7	101.0	1.837	1.835	1.757	1.734
December	2.202	2.193	1.365	1.355	81.3	99.3	1.850	1.850	1.769	1.751
January	2.212	2.204	1.377	1.365	84.6	109.6	1.867	1.874	1.782	1.764
February	2.229	2.230	1.387	1.381	87.2	109.7	1.881	1.895	1.794	1.785
March	2.247	2.247	1.398	1.391	89.4	109.3	1.895	1.910	1.806	1.800
April	2.265	2.267	1.409	1.403	83.6	111.2	1.907	1.927	1.823	1.816
May	2.283	2.290	1.421	1.417	80.8	113.2	1.922	1.946	1.842	1.832

Fore. = May Forecast

C. E. = Current Expectations

RETAIL SALES

	Retail Sales		Non Auto Durables		Auto (Million Units)		Nondurable Sales		Auto Sales	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	78.21	77.99	11.44	11.32	10.5	10.5	51.63	51.62	15.15	15.05
March	77.22	76.53	11.51	10.81	10.1	10.1	51.67	52.24	14.05	13.49
April	76.25	75.01	11.48	10.57	8.3	8.3	51.83	52.19	12.94	12.25
May	75.84	74.27	11.49	10.48	7.8	7.4	52.50	51.73	11.85	12.05
June	76.68	75.35	11.48	10.58	8.2	7.6	53.13	52.25	12.07	12.52
July	76.37	76.21	11.37	10.74	7.8	8.5	53.15	52.55	11.85	12.92
August	76.54	76.37	11.36	10.66	7.7	8.3	53.22	52.94	11.96	12.77
September	76.77	76.40	11.35	10.71	7.9	8.0	53.33	53.29	12.09	12.40
October	77.51	77.49	11.35	10.75	8.0	8.6	53.89	53.82	12.28	12.92
November	78.22	77.56	11.42	10.87	8.0	8.4	54.49	53.91	12.31	12.78
December	79.03	78.41	11.42	10.95	7.8	8.5	55.16	54.53	12.45	12.93
January	79.27	78.89	11.46	11.11	7.8	8.0	55.35	55.06	12.46	12.72
February	79.56	80.07	11.48	11.32	7.8	8.3	55.56	55.49	12.52	13.26
March	79.95	80.77	11.49	11.41	7.9	8.4	55.78	50.87	12.68	13.49
April	80.96	81.61	11.54	11.50	8.2	8.5	56.05	56.32	13.37	13.79
May	82.11	82.41	11.65	11.56	8.3	8.6	57.05	56.79	13.41	14.06

INDUSTRIAL PRODUCTION

	Industrial Production		Capacity Utilization	
	Fore.	C. E.	Fore.	C. E.
Feb. 1980	152.4	152.3	83.9	83.8
March	151.2	151.4	83.0	82.6
April	149.1	148.2	81.6	80.7
May	147.9	144.7	80.6	78.3
June	146.7	141.2	79.6	76.1
July	146.4	140.3	79.1	75.2
August	146.2	140.1	78.7	74.8
September	146.2	139.8	78.5	74.4
October	146.5	139.6	78.4	74.2
November	146.8	139.8	78.3	74.2
December	147.1	140.3	78.2	74.4
January	147.7	140.8	78.2	74.6
February	148.3	141.3	78.3	74.8
March	149.0	141.8	78.4	75.0
April	149.6	142.2	78.6	75.1
May	150.3	143.6	78.9	75.8

Fore. = May Forecast

C. E. = Current Expectations

HOUSING

	Housing Starts		Single Family Starts		Housing Permits		Construction Expenditures (Current)		Construction Expenditures (Real)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	1.332	1.330	0.789	0.786	1.142	1.142	243.1	248.8	115.9	115.5
March	1.041	1.041	0.606	0.617	0.941	0.968	229.0	237.1	109.5	109.8
April	0.959	1.030	0.543	0.628	0.812	0.789	222.8	226.6	105.6	105.9
May	0.930	0.913	0.495	0.628	0.783	0.825	217.5	218.5	102.3	101.5
June	0.913	1.191	0.468	0.747	0.769	1.059	215.9	221.1	100.7	102.0
July	0.978	1.203	0.539	0.758	0.812	1.007	214.2	229.8	99.2	105.4
August	1.099	1.266	0.620	0.803	0.915	1.047	215.5	230.8	99.1	105.1
September	1.127	1.286	0.649	0.825	0.973	1.099	217.8	233.4	99.4	105.6
October	1.186	1.311	0.702	0.856	1.013	1.126	222.3	233.7	100.6	104.9
November	1.215	1.408	0.734	0.946	1.005	1.193	227.9	238.1	102.3	106.1
December	1.306	1.437	0.789	0.963	1.127	1.242	232.6	241.2	103.6	106.6
January	1.397	1.418	0.883	0.079	1.221	1.216	237.4	243.5	104.8	106.8
February	1.495	1.503	0.971	1.026	1.336	1.294	243.1	245.4	106.4	106.7
March	1.582	1.579	1.018	1.091	1.443	1.346	246.9	250.2	107.1	107.8
April	1.632	1.608	1.102	1.116	1.506	1.392	250.9	254.2	107.9	108.6
May 1981	1.711	1.661	1.165	1.129	1.496	1.442	254.7	256.6	108.7	108.6

HOUSING CONTINUED

	Private Non Residential		Public Construction		Residential Construction	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	89.0	90.2	56.4	57.0	97.7	101.5
March	85.8	86.6	52.6	56.5	89.7	94.0
April	86.5	87.9	53.8	54.2	82.5	84.5
May	85.5	87.3	54.7	52.8	76.3	78.4
June	87.2	87.5	54.7	52.2	74.0	81.4
July	87.7	88.0	54.6	52.5	71.9	89.3
August	88.2	88.6	54.9	53.1	72.4	89.1
September	88.6	90.1	55.3	53.6	73.9	89.7
October	89.0	90.0	55.7	54.0	77.6	89.7
November	89.5	91.2	56.0	54.4	82.4	92.5
December	89.7	90.6	56.5	55.0	86.4	95.6
January	90.1	92.5	57.1	55.9	90.2	95.1
February	90.8	93.0	57.7	55.3	94.6	97.1
March	91.2	92.6	58.0	55.7	97.7	101.9
April	92.0	93.0	58.4	56.0	100.5	105.2
May 1981	92.8	93.4	58.8	55.5	103.1	107.7

Fore. = May Forecast

C. E. = Current Expectations

BUSINESS ACTIVITY

	Manufacturers Inventories		Durable Goods Orders		Non-defense Capital Goods Orders		Non-defense Capital Shipments	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	234.8	235.1	81.88	81.02	22.09	21.48	21.51	21.40
March	238.1	238.5	79.14	77.55	23.47	22.59	21.82	21.35
April	240.3	242.5	77.53	72.22	22.39	22.16	22.09	20.63
May	241.5	243.1	75.26	67.43	21.95	20.14	21.22	20.98
June	242.3	243.5	73.01	70.05	70.65	21.77	20.67	20.76
July	244.7	244.0	74.47	71.95	21.42	21.32	21.03	20.93
August	246.5	244.9	75.51	71.24	21.89	21.07	21.48	21.02
September	248.2	246.3	77.06	72.46	22.55	22.16	21.85	21.26
October	250.3	247.6	76.82	74.68	22.46	22.43	21.72	21.42
November	252.4	248.5	77.43	75.14	22.75	21.92	21.85	21.53
December	254.0	249.4	79.02	76.98	23.01	21.86	21.95	21.58
January	255.6	250.6	79.92	76.49	23.43	22.59	22.02	21.81
February	256.9	251.9	79.15	78.15	23.21	22.46	22.13	22.01
March	258.1	253.5	80.05	79.92	23.62	23.13	22.25	22.19
April	260.3	255.4	81.18	80.43	23.95	23.07	22.39	22.08
May 1981	262.5	257.4	82.36	82.09	24.27	23.41	22.54	22.16

	Business Inventories		Defense Shipments	
	Fore.	C. E.	Fore.	C. E.
Feb. 1980	434.8	435.3	3.24	3.25
March	440.3	439.3	3.30	3.39
April	442.3	445.5	3.43	3.29
May	444.7	445.1	3.38	3.43
June	446.4	446.0	3.35	3.40
July	450.1	446.4	3.40	3.46
August	452.9	448.8	3.45	3.49
September	456.0	451.1	3.49	3.53
October	458.7	452.8	3.54	3.58
November	461.3	454.7	3.60	3.62
December	464.7	456.8	3.66	3.65
January	464.1	459.0	3.70	3.69
February	469.7	461.3	3.73	3.73
March	472.2	463.7	3.77	3.76
April	475.6	466.2	3.82	3.81
May 1981	478.9	468.6	3.87	3.85

Fore. = May Forecast

C. E. = Current Expectations

PRICES

	CPI (unadjusted)		PPI Finished Goods		PPI-Industrial Communities (unadjusted)		Agricultural Prices (unadjusted)		IVA Corp. (annual rate)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	236.4	236.4	235.4	235.4	265.4	265.4	238	238	74.5	64.1
March	239.8	239.8	238.2	238.2	268.2	268.2	234	234	68.1	78.0
April	242.0	242.5	239.4	240.0	269.5	270.7	225	224	49.2	83.8
May	243.7	244.9	241.1	241.0	271.9	271.2	228	227	30.1	74.5
June	245.3	246.5	243.3	242.6	274.3	273.0	232	230	23.1	54.7
July	247.5	247.9	245.7	244.8	277.1	275.5	236	237	29.2	34.7
August	249.6	249.5	247.9	247.0	279.6	278.3	240	241	33.4	28.8
September	251.4	251.5	249.8	249.3	282.2	281.9	239	245	44.8	36.4
October	253.5	253.6	252.0	251.3	285.3	285.8	237	245	45.3	45.9
November	255.6	255.6	254.0	253.5	288.4	288.0	241	249	44.1	43.1
December	257.7	257.7	256.2	255.3	291.1	289.7	245	253	42.3	50.6
January	259.8	259.8	258.3	257.5	293.2	292.3	250	257	37.2	41.1
February	261.9	261.6	260.5	259.7	294.6	293.9	253	256	34.2	37.8
March	264.0	263.5	262.7	261.8	296.1	295.0	252	258	37.4	34.2
April	266.1	265.4	264.8	263.9	298.5	297.6	255	263	38.9	31.1
May 1981	268.1	267.5	266.8	266.0	300.7	299.4	258	267	40.3	38.6

MISCELLANEOUS

	Merchandise Trade Balance		Leading Indicators		Estimated GNP		Estimated GNP (1972 $)		Estimated GNP Deflator	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	-4407	-4407	134.8	135.1	2520	2519	1444	1445	1.7451	1.7435
March	-2080	-2073	131.3	131.8	2527	2528	1436	1438	1.7593	1.7575
April	-2675	-840	129.2	126.4	2514	2524	1420	1421	1.7699	1.7757
May	-2908	-2900	127.7	123.4	2520	2521	1416	1410	1.7800	1.7879
June	-3242	-2536	126.5	124.4	2526	2525	1400	1401	1.7917	1.8021
July	-2965	-2743	126.8	125.1	2543	2532	1409	1395	1.8048	1.8145
August	-2802	-2561	127.1	125.7	2560	2552	1409	1397	1.8175	1.8263
September	-2775	-2423	126.6	126.7	2578	2564	1408	1393	1.8311	1.8406
October	-2695	-2229	127.3	128.1	2593	2592	1402	1395	1.8494	1.8574
November	-2638	-2415	127.5	129.7	2608	2606	1405	1393	1.8557	1.8703
December	-2543	-2337	126.6	129.3	2632	2628	1407	1393	1.8701	1.8867
January	-2453	-2552	127.1	130.6	2655	2644	1409	1393	1.8839	1.8986
February	-2379	-2782	127.8	131.5	2687	2676	1414	1398	1.9009	1.9145
March	-2295	-2669	128.9	131.2	2715	2706	1418	1403	1.9146	1.9294
April	-2162	-2582	129.9	131.6	2743	2731	1422	1406	1.9288	1.9422
May 1981	-2416	-7541	131.1	132.3	2767	2756	1426	1410	1.9407	1.9551

Fore. = May Forecast

C. E. = Current Expectations

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FINANCIAL MARKETS

	Monetary Base		M1-B		M2		Federal Funds		T-Bills (6 Mos.)	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	156.1	156.1	392.9	391.3	1546.6	1546.7	14.13	14.13	12.86	12.86
March	157.0	157.0	392.3	391.2	1550.9	1552.7	17.19	17.19	15.03	15.03
April	157.4	157.4	389.7	386.6	1550.7	1550.1	18.59	17.61	13.62	12.88
May	158.0	158.0	389.5	386.1	1551.2	1561.1	10.41	10.98	9.38	8.65
June	158.6	159.3	391.1	390.9	1554.1	1583.7	8.68	9.47	8.35	7.30
July	159.4	160.4	394.3	393.8	1568.9	1600.2	9.11	9.35	8.89	8.29
August	160.3	161.3	396.8	396.0	1587.7	1613.9	9.65	9.63	9.16	8.46
September	161.1	162.0	398.9	398.0	1599.4	1626.9	9.85	9.23	9.41	8.32
October	161.9	162.9	401.4	400.7	1613.6	1642.8	9.43	9.02	9.12	7.93
November	162.7	163.6	404.7	404.1	1627.1	1661.7	9.08	8.68	9.03	7.76
December	163.6	164.3	406.8	405.8	1641.1	1672.0	8.76	8.49	8.92	7.59
January	164.4	165.0	408.5	407.2	1656.8	1682.8	8.15	8.21	8.67	7.41
February	165.3	165.8	410.2	409.5	1669.3	1697.3	8.42	8.32	8.46	7.40
March	166.2	166.6	411.9	411.5	1681.2	1709.0	8.82	8.57	8.50	7.66
April	167.2	167.3	413.3	414.9	1694.1	1726.6	8.79	8.91	8.36	7.89
May 1981	167.9	168.0	415.4	416.6	1711.1	1737.1	9.16	9.16	8.67	8.15

	Aaa (Seasoned)		Municipals		Commercial Paper		90 Day CD'S		Prime Rate	
	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.	Fore.	C. E.
Feb. 1980	12.38	12.38	8.16	8.16	13.78	13.78	14.30	14.30	15.63	15.63
March	12.96	12.96	9.17	9.17	16.81	16.81	17.57	17.57	18.31	18.31
April	12.22	12.04	8.63	8.63	17.43	15.78	18.09	16.14	19.27	19.77
May	10.27	10.99	7.19	7.59	9.76	9.49	9.97	9.79	15.73	16.57
June	9.34	10.58	6.54	7.63	8.46	8.27	8.69	8.49	12.49	12.93
July	9.78	10.96	6.75	7.85	9.23	8.46	9.55	8.76	11.89	11.46
August	10.15	11.23	6.81	7.97	9.79	8.69	10.11	9.15	11.75	10.93
September	10.29	11.03	7.10	7.78	10.02	8.43	10.35	8.89	11.75	10.65
October	10.15	10.95	7.00	7.70	9.37	8.37	9.52	8.78	11.55	10.50
November	10.01	10.73	6.86	7.51	8.86	8.21	9.14	8.71	11.36	10.42
December	9.97	10.44	6.78	7.41	8.55	7.79	8.73	8.42	10.92	10.25
January	9.82	10.16	6.68	7.13	7.96	7.82	8.16	8.36	10.63	10.25
February	9.59	10.21	6.47	7.10	8.55	7.85	8.96	8.41	10.50	10.25
March	9.55	10.42	6.49	7.24	9.03	8.07	9.37	8.55	10.50	10.36
April	9.41	10.41	6.43	7.18	9.01	8.46	9.26	8.89	10.50	10.50
May 1981	9.91	10.66	6.59	7.33	9.47	8.73	9.71	9.15	10.87	10.68

Fore. = May Forecast

C. E. = Current Expectations